MARCH 26, 1984 THREE DOLLARS

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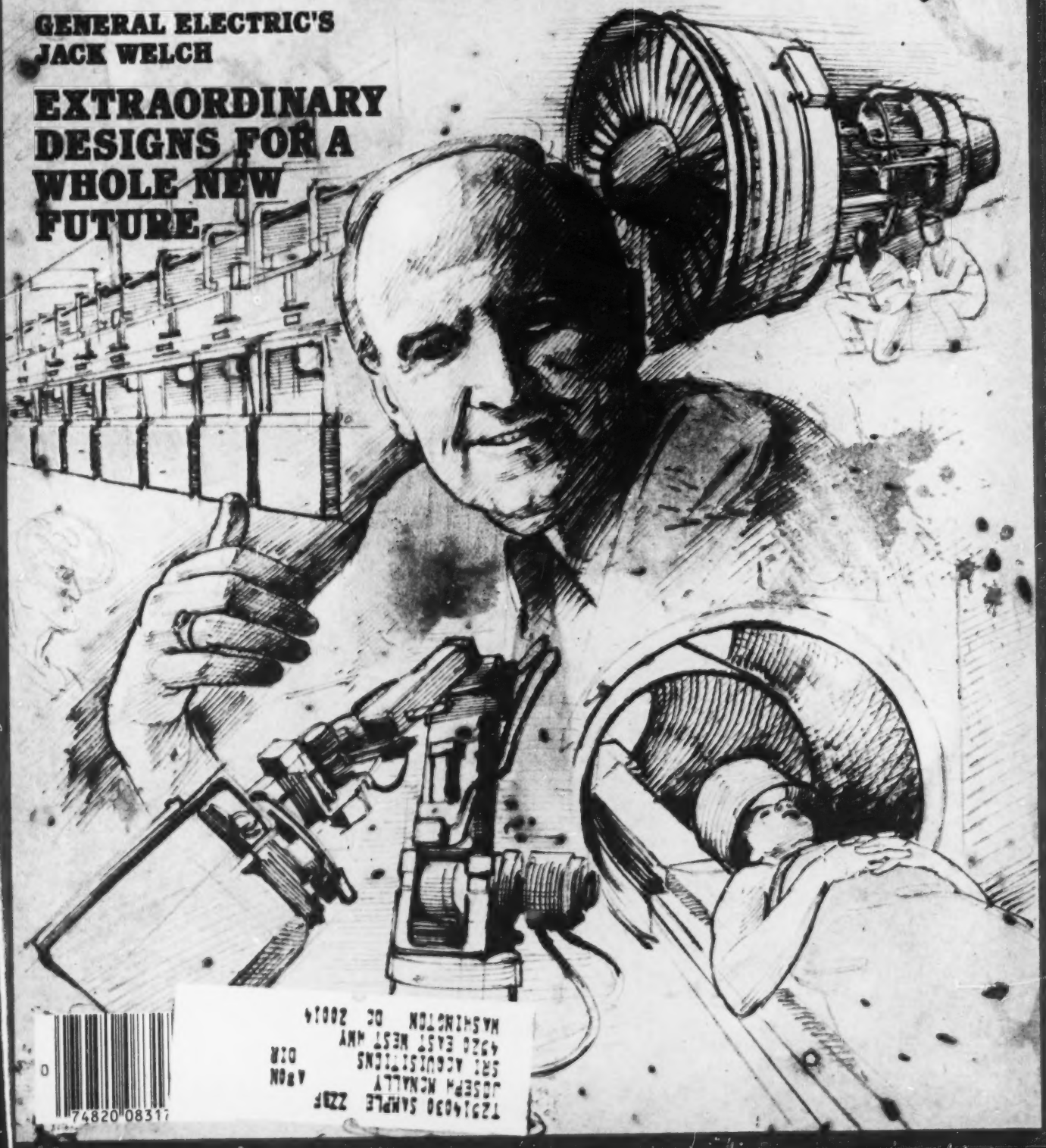
# Forbes

GENERAL ELECTRIC'S JACK WELCH

## EXTRAORDINARY DESIGNS FOR A WHOLE NEW FUTURE



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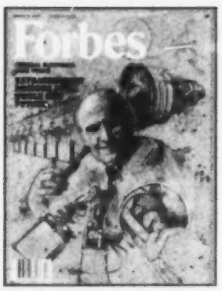


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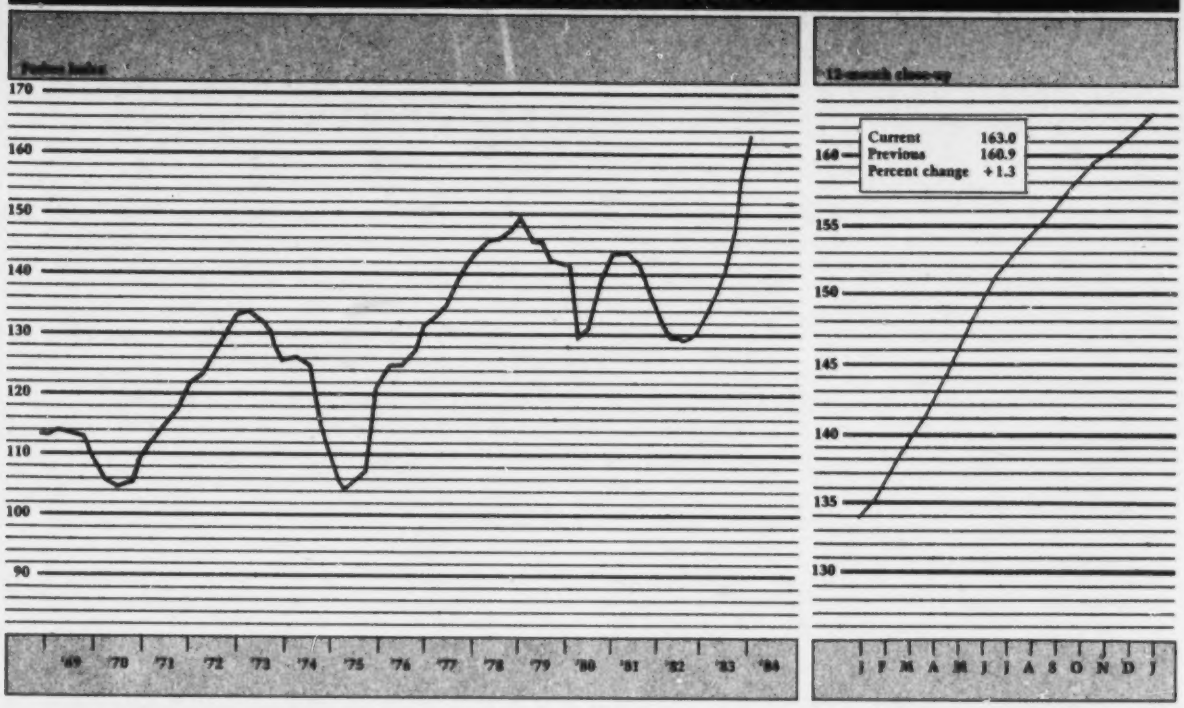
# The Forbes Index



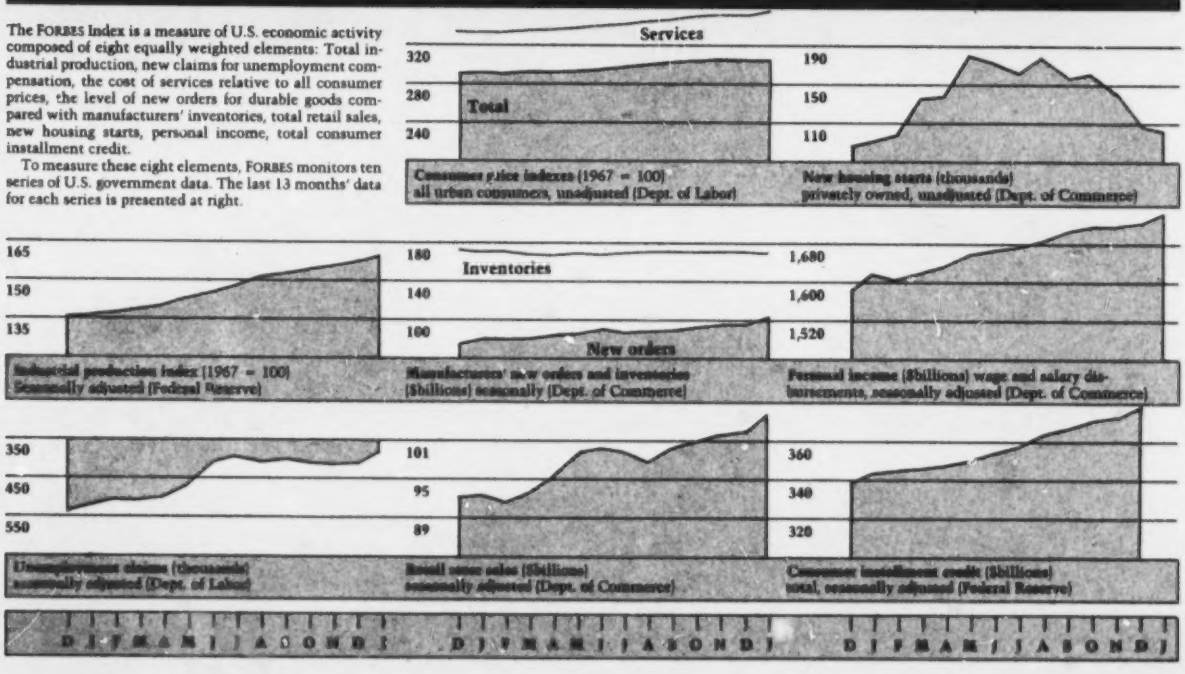

**What slowdown?** The Forbes Index is, once again, picking up speed. The 1.3% gain in the latest reporting period also marks another record high. Manufacturers' new orders rose 2.7% from December 1983 to January. New orders are now running nearly 25% above where they were the same time one year ago. Meanwhile, inventories are off 0.1% from December to January and are 1.6% lower than they were in January 1983. The rate of inventory liquidation is clearly slowing down, and some building of stocks is likely if the economy continues to grow.

The overall Consumer Price Index advanced nearly 0.6% in January. On an annual basis this works out to an increase of 6.7%, which would be considerably larger than the 3.8% rise in the CPI in 1983.

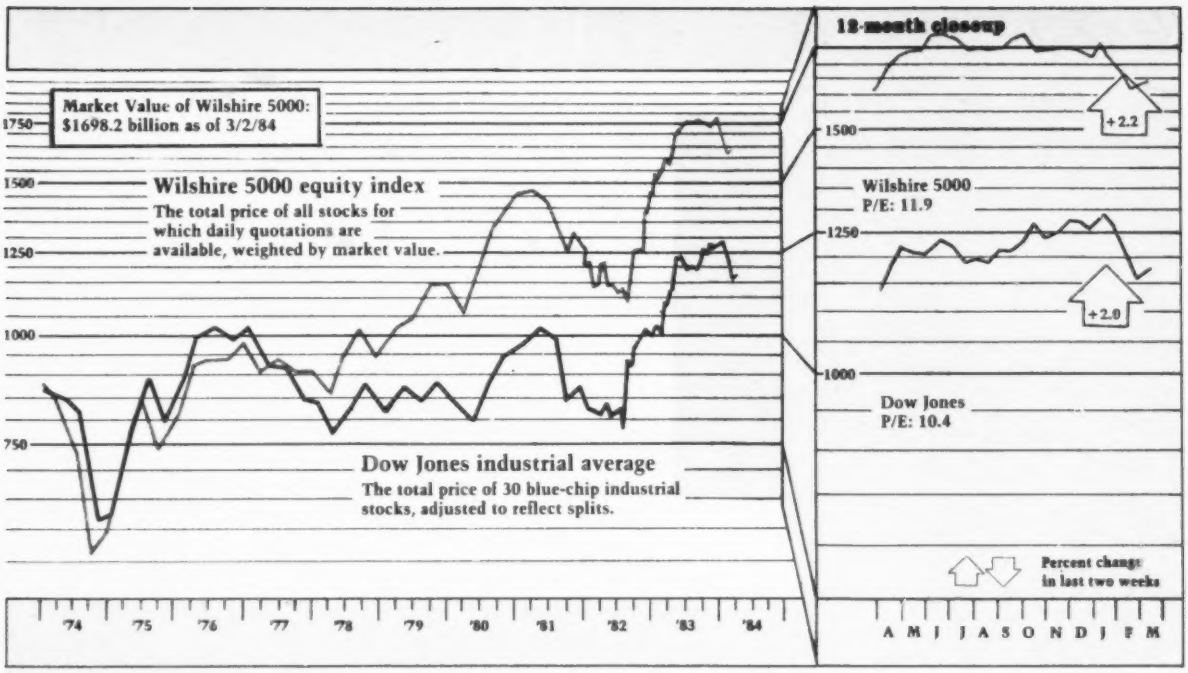
## The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



# The Forbes/Wilshire 5000 Review




**Rally or reprieve?** After heavy swings in both directions, Wall Street managed to register some gains during the last two weeks but investors are still behind for the four-week stretch. Over the most recent ten trading days the Dow industrials rose 2% and the broadly based Wilshire index advanced 2.2%. It is the often unheralded American Stock Exchange, however, that continues to be a pocket of strength: The Amex index finished the last two weeks with the largest gain, 3.4%. NASDAQ shares had a more anemic comeback. They are up only 1.7% over two weeks. With a decline of 3.2% they also show the greatest four-week loss. The NASDAQ, in fact, is the only major index that is lower now than it was one year ago. In contrast, the Amex sports the best 52-week performance record, a rise of nearly 11%.

Price/earnings multiples continue to soften. The Dow now sells at 10.4 times latest 12-month earnings, the Wilshire, 11.9. This is because quarterly earnings are advancing faster than the market indicators. The lower multiples also reflect concerns over a number of important issues. Nervous investors worry about high interest rates, budget and trade deficits, an unusually robust dollar and the November election. With all this uncertainty, it may be difficult for the averages to gain ground.

## Close-up On The Equity Markets

**Performance of six leading indexes**

| Percent change | Wilshire 5000 | Forbes 500[1] | Dow Jones industrials | NYSE Composite | Amex Market Value Index | NASDAQ Composite |
|---|---|---|---|---|---|---|
| in last 4 weeks | –1.8 | –1.4 | –2.1 | –1.4 | –0.3 | –3.2 |
| in last 52 weeks | 2.2 | 2.7 | 2.7 | 3.4 | 10.6 | –3.9 |

**Stock performance based on five key investor yardsticks**

| Percent change | Company size | | Volatility[2] | | P/E multiple | | Dividend yield | | Growth profile[3] | | Share price | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | large | small | high | low | over 25 | under 5 | over 7.5% | none | high | low | over $40 | under $4 |
| in last 4 weeks | –2.1 | –2.8 | –3.1 | –1.0 | –3.0 | –3.8 | –2.1 | –3.3 | –3.0 | –1.7 | –2.9 | –3.1 |
| in last 52 weeks | 2.8 | 29.7 | 17.2 | 15.9 | 3.0 | 23.0 | 16.5 | 19.4 | 19.4 | 16.4 | 8.8 | 20.7 |

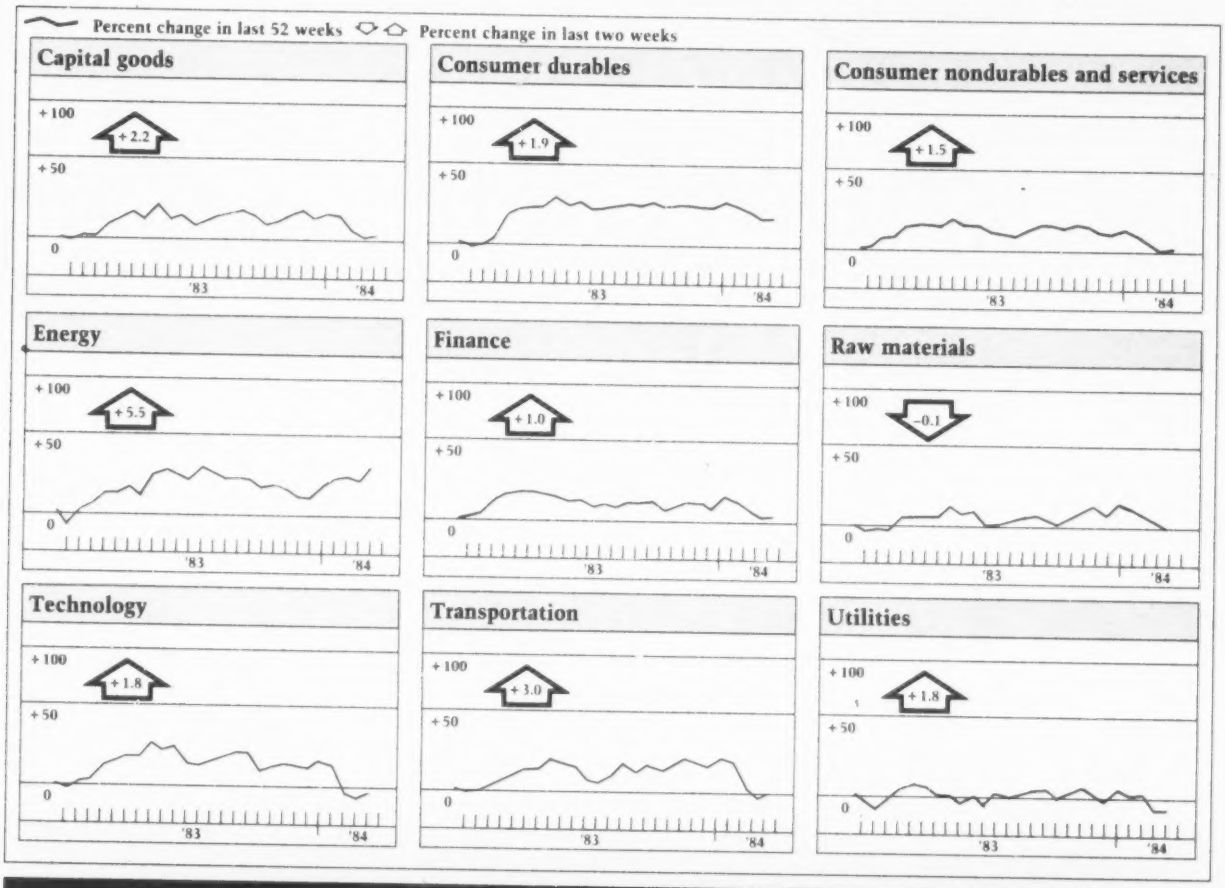
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 3/2/84. Prepared by Wilshire Associates, Santa Monica, Calif.

# Where The Action Is

**Wildcatter's paradise.** Oil mergers, both real and imagined, continue to push energy shares ahead of the pack. This group shows the best two- and four-week performance. In fact, although all sectors but raw materials gained ground during the last ten trading days, energy shares are the only group to register a four-week advance. And with a 25.1% gain for the year, the oils are now clearly ahead of the other eight sectors.

Transportation, with a 3% rise, posted the second-best record over the last two weeks. These stocks pulled out of the dive they entered early in 1984. Utilities, up 1.8%, also bucked their recent downtrend. And capital goods and services posted a 2.2% increase. The finance group, meanwhile, came in next to last with a 1% gain.




# What The Analysts Think

**Backward flip.** Last issue, transportation shares showed the best two-week change in 1984 earnings estimates. Now this group shows the biggest drop. But these stocks aren't alone. Analysts continue to scale back many 1984 forecasts. The only exception: consumer durables, which rated a 0.77% increase over the two-week period.

**Forecasting the Forbes 500**

| Performance period | Average earnings per share | P/E |
|---|---|---|
| latest 12 months | $2.76 | 11.7 |
| 1984 estimates | 4.29 | 8.0 |
| 1985 estimates | 5.32 | 6.5 |

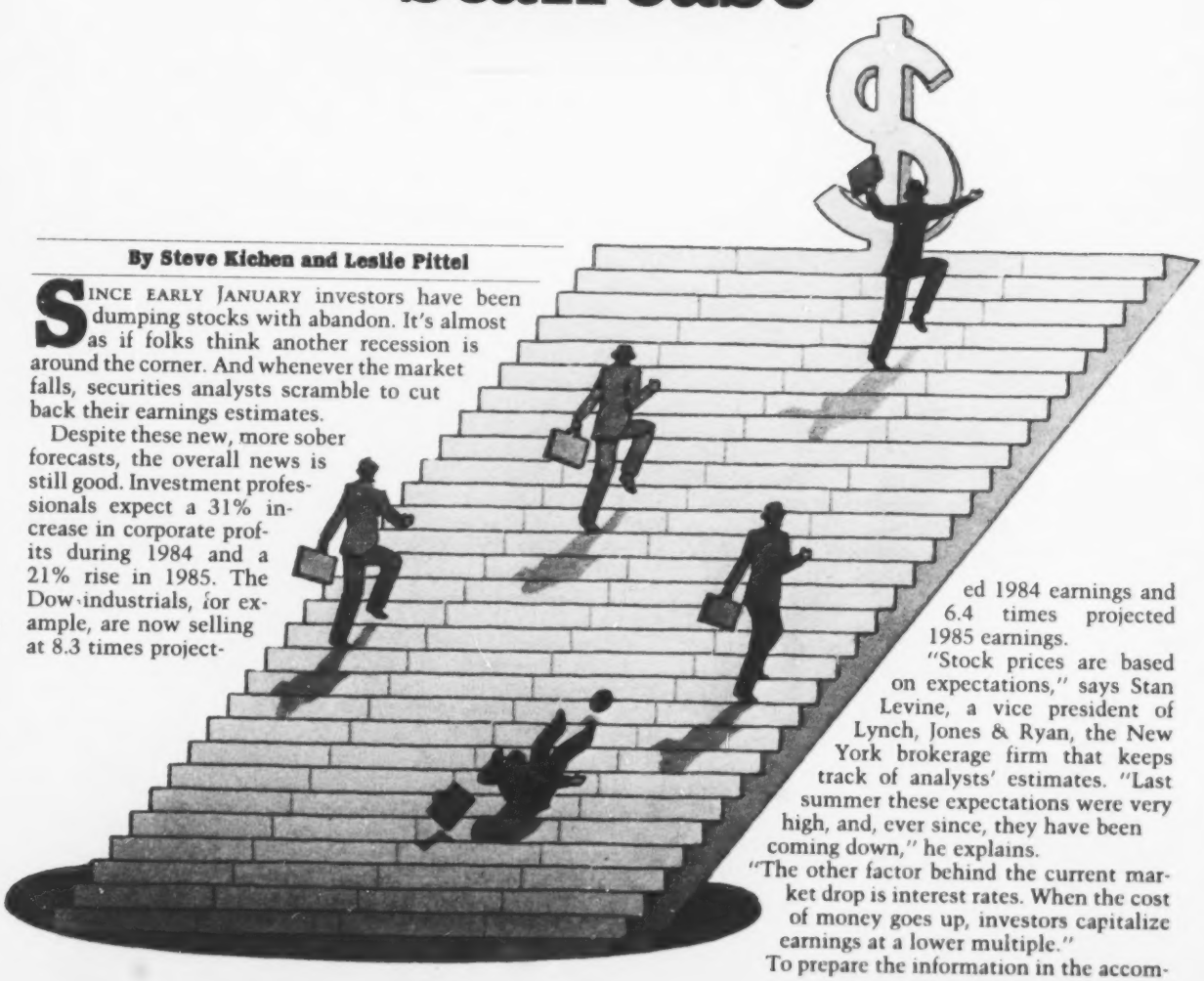
| Rank based on change in estimate | Sector | Estimated 1984 EPS | % change in 1984 estimate in 2 weeks | % change in 1984 estimate in 4 weeks |
|---|---|---|---|---|
| 1 | Consumer durables | $3.15 | 0.77% | -0.63% |
| 2 | Utilities | 3.61 | -0.09 | -0.94 |
| 3 | Raw materials | 3.24 | -0.30 | -1.07 |
| 4 | Consumer nondurables | 2.71 | -0.36 | -1.53 |
| 5 | Technology | 1.93 | -0.52 | -1.92 |
| 6 | Finance | 4.02 | -0.62 | -2.71 |
| 7 | Capital goods | 2.36 | -0.94 | -1.86 |
| 8 | Energy | 2.77 | -1.07 | -2.77 |
| 9 | Transportation | 2.96 | -1.63 | -0.58 |

Earnings projections are equal-weighted consensus estimates from over 1,400 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 3/2/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

*Analysts' estimates are coming down. But don't be dismayed. With a few exceptions, this will still be a very good year for corporate earnings. Here are 67 companies where profits should at least double in 1984 and 12 where declines should be steepest. Also included: 92 firms where the pros have sharply revised their opinions during the past six months.*

# Up the down staircase



**By Steve Kichen and Leslie Pittel**

SINCE EARLY JANUARY investors have been dumping stocks with abandon. It's almost as if folks think another recession is around the corner. And whenever the market falls, securities analysts scramble to cut back their earnings estimates.

Despite these new, more sober forecasts, the overall news is still good. Investment professionals expect a 31% increase in corporate profits during 1984 and a 21% rise in 1985. The Dow industrials, for example, are now selling at 8.3 times projected 1984 earnings and 6.4 times projected 1985 earnings.

"Stock prices are based on expectations," says Stan Levine, a vice president of Lynch, Jones & Ryan, the New York brokerage firm that keeps track of analysts' estimates. "Last summer these expectations were very high, and, ever since, they have been coming down," he explains. "The other factor behind the current market drop is interest rates. When the cost of money goes up, investors capitalize earnings at a lower multiple."

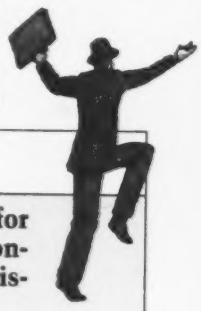
To prepare the information in the accom-

## Statistical Spotlight

panying tables, we used the data in Lynch, Jones & Ryan's Institutional Brokers Estimate System. It is an electronic database that contains earnings projections from more than 1,800 securities analysts and covers roughly 3,000 companies. In our computer screens—done with Micro/Scan software—we eliminated firms with fewer than three earnings estimates, which minimizes the effect any one analyst can have on the data. We also excluded companies for which estimates or reported earnings were lower than 50 cents per share.

The first table, which begins below, includes 67 companies that should be the profit-improvement stars of 1984. Wall Street expects their earnings for the year to be up 100% or more from 1983. Near the top of this list is Clark Equipment. Demand for its forklift trucks and construction equipment is increasing impressively. The Michigan-based firm earned 86 cents per share last year, but the consensus of ten analysts is that the 1984 total should be $3.28. For 1985 its results should be even brighter, with earnings of $5.25.

Pay particular attention to the confidence factor that appears in the last column of each table. It indicates the level of agreement among analysts. Clark, for example, rates "very low." Estimates of its 1984 earnings range from $2.50 to $5. The disagreement is over how hard Clark will be hit by foreign competition and how much the company's restructuring plans



### Where earnings are thought likely to climb

**Wall Street expects sharply higher earnings from these 67 issues in 1984. At today's prices, 22 now sell at less than 8 times their 1984 estimates. But beware. Many of the estimates for these firms carry low or very low confidence factors because of wide disagreement among analysts.**

| Company/business | Recent price | Earnings per share 1983 | Earnings per share 1984 est | Earnings per share % change | Estimated 1984 P/E | Estimates number | Estimates confidence factor |
|---|---|---|---|---|---|---|---|
| **Crown Central Petrol**/integrated oil | 18⅞ | $0.65e | $4.42 | 580% | 4.3 | 3 | very low |
| **BF Goodrich**/tire & rubber | 32⅞ | 0.68 | 3.98 | 486 | 8.3 | 14 | low |
| **Alcan Aluminium**/aluminum | 33¾ | 0.81 | 4.38 | 441 | 7.7 | 18 | low |
| **Singer**/sewing machines | 23½ | 0.64 | 2.93 | 358 | 8.0 | 14 | low |
| **Foxboro**/electrical equipment | 30¾ | 0.61e | 2.34 | 285 | 13.1 | 13 | low |
| **Clark Equipment**/construction equipment | 33¼ | 0.86 | 3.28 | 282 | 10.3 | 10 | very low |
| **Black & Decker**/hand tools | 24⅞ | 0.65 | 2.07 | 218 | 12.0 | 11 | low |
| **Signal Cos**/aerospace | 27¼ | 0.90 | 2.79 | 210 | 10.0 | 11 | average |
| **Louisiana-Pacific**/paper & forest prods | 25 | 0.79 | 2.44 | 208 | 10.2 | 21 | very low |
| **Georgia-Pacific**/paper & forest prods | 22⅛ | 0.97 | 2.95 | 204 | 7.5 | 23 | low |
| **Hyster**/industrial equipment | 68⅜ | 1.82e | 5.50 | 202 | 12.4 | 6 | low |
| **General Datacom Inds**/computer equipment | 27⅜ | 0.50 | 1.45 | 190 | 18.9 | 7 | average |
| **Arrow Electronics**/electronics | 21⅛ | 0.77e | 2.15 | 179 | 9.8 | 4 | high |
| **Mead**/paper & forest prods | 34⅜ | 1.30 | 3.61 | 178 | 9.5 | 17 | low |
| **Chesapeake Corp Va**/packaging & containers | 33¼ | 1.33 | 3.57 | 169 | 9.3 | 7 | average |
| **St Regis**/paper & forest prods | 36¼ | 1.41 | 3.76 | 167 | 9.6 | 20 | average |
| **Texas Inds**/textiles | 35 | 1.82e | 4.80 | 164 | 7.3 | 6 | low |
| **Champion Intl**/paper & forest prods | 23⅞ | 1.22 | 3.15 | 158 | 7.6 | 21 | low |
| **Paccar**/trucks | 48½ | 2.07 | 5.45 | 158 | 8.9 | 10 | low |
| **Stewart & Stevenson**/machinery | 14⅜ | 0.51e | 1.30 | 157 | 11.1 | 3 | low |
| **Coleco Inds**/toys, computers | 12¼ | 1.15e | 2.96 | 157 | 4.1 | 8 | low |
| **Trans World Corp**/hotels | 25¾ | 1.29 | 3.10 | 140 | 8.3 | 15 | low |
| **Comdial**/telecomm equipment | 8 | 0.55e | 1.30 | 139 | 6.2 | 4 | low |
| **Puritan-Bennett**/health care equipment | 19¼ | 0.87 | 2.05 | 136 | 9.4 | 3 | average |
| **Aluminum Co of Am**/aluminum | 38⅞ | 2.03 | 4.79 | 136 | 8.1 | 22 | low |
| **Allen Group**/auto parts | 21⅞ | 1.04e | 2.44 | 136 | 9.0 | 6 | low |
| **Federal Natl Mortgage**/mortgages | 17⅞ | 1.13 | 2.64 | 133 | 6.8 | 15 | very low |
| **First City Bancorp Tex**/bank holding | 18⅞ | 1.23 | 2.86 | 133 | 6.6 | 17 | low |
| **Del E Webb**/hotels, real estate | 19½ | 0.81 | 1.88 | 133 | 10.4 | 6 | very low |
| **American Maize-Prods**/food processing | 16¼ | 1.03e | 2.40 | 132 | 6.8 | 3 | very low |
| **Lotus Development**/computer software | 34½ | 0.98 | 2.27 | 131 | 15.2 | 6 | very low |

e: estimate.

*Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from ISYS Corp.*

## Statistical Spotlight

will penalize current profits.

Some industry groups get more than their share of good news. Paper and forest products firms are earnings-gain standouts. Analysts expect Louisiana-Pacific to see profit increases of 208%, with per-share results rising from 79 cents to $2.44. Boise Cascade and Georgia-Pacific should do almost as well. Capital goods producers will see good times, too. Paccar, which makes over-the-road trucks, should post a 158% earnings gain. Foxboro, a maker of electrical equipment, should enjoy an earnings rise of 285%.

But the future isn't always rosy. Take a look at the second table, which appears on page 232. There are relatively few companies that analysts think will show sharp earnings declines this year, but this is where you'll see them. The list includes 12 firms where the profit forecast calls for earnings dips of 27% or more. Nearly half the companies here are in energy or energy-related businesses.

Consider the plight of Helmerich & Payne, a Tulsa-based oilfield services company. Its shares trade today for less than half their 1981 highs, and earnings have fallen accordingly. If analysts' projections are right, profits will be even worse next year. But investors who bet against the crowd might score big gains. Note, too, that

### Where earnings are thought likely to climb

| Company/business | Recent price | Earnings per share 1983 | Earnings per share 1984 est | Earnings per share % change | Estimated 1984 P/E | Estimates number | Estimates confidence factor |
|---|---|---|---|---|---|---|---|
| **Willamette Inds**/paper & forest prods | 32¼ | $1.46 | $3.36 | 130% | 9.6 | 19 | low |
| **Boise Cascade**/paper & forest prods | 37¾ | 1.91 | 4.36 | 128 | 8.7 | 21 | low |
| **Michigan National**/bank holding | 19¼ | 1.36 | 3.10 | 128 | 6.2 | 3 | low |
| **Research-Cottrell**/machinery | 15 | 0.55 | 1.25 | 127 | 12.0 | 8 | very low |
| **Weyerhaeuser**/paper & forest prods | 30⅝ | 1.36 | 3.09 | 127 | 9.9 | 24 | low |
| **MGM/UA Home Ent Grp**/recreation | 23 | 0.78 | 1.77 | 127 | 13.0 | 4 | high |
| **Nashua**/office equipment | 23⅛ | 1.70 | 3.85 | 127 | 6.0 | 5 | high |
| **Data General**/computers | 41½ | 0.96 | 2.15 | 124 | 19.3 | 29 | low |
| **Republic Auto Parts**/auto parts | 9¼ | 0.50 | 1.11 | 123 | 8.3 | 4 | average |
| **Dekalb AgResearch**/food processing | 24½ | 1.07 | 2.37 | 121 | 10.4 | 9 | low |
| **Forest Labs**/pharmaceuticals | 19⅞ | 0.64e | 1.40 | 121 | 31.1 | 6 | low |
| **Federal Paper Bd**/paper & forest prods | 37 | 1.97 | 4.32 | 119 | 8.6 | 8 | low |
| **Xtra Corp**/trucking, leasing | 26⅜ | 1.51 | 3.31 | 119 | 8.1 | 6 | average |
| **Moore McCormack Res**/metals & mining | 23 | 1.33 | 2.91 | 119 | 7.9 | 9 | very low |
| **Carpenter Tech**/specialty steel | 47¼ | 1.86 | 4.04 | 117 | 11.7 | 9 | low |
| **Esterline**/precision instruments | 29 | 0.91 | 1.98 | 117 | 14.7 | 7 | low |
| **Koppers**/chemicals | 18¾ | 0.81 | 1.76 | 117 | 10.7 | 11 | low |
| **Arkansas Best**/trucking & leasing | 18½ | 1.65 | 3.57 | 116 | 5.2 | 3 | low |
| **Mark Controls**/electrical equipment | 12½ | 0.61e | 1.30 | 114 | 9.6 | 7 | low |
| **First Commerce**/bank | 20¾ | 1.57 | 3.36 | 114 | 6.2 | [illegible] | low |
| **Omark Inds**/machinery | 20½ | 0.94 | 2.01 | 114 | 10.2 | 6 | average |
| **First Security**/bank holding | 21⅛ | 1.75 | 3.72 | 113 | 5.7 | 5 | low |
| **SFE Technologies**/electronics | 17 | 0.62 | 1.32 | 112 | 12.9 | 3 | low |
| **Dow Chemical**/chemicals | 28¼ | 1.50 | 3.18 | 112 | 8.9 | 27 | low |
| **Food Lion**/grocery stores | 8¾ | 0.53 | 1.12 | 112 | 7.8 | 6 | very low |
| **People Express Airlines**/airline | 15⅝ | 0.57 | 1.21 | 112 | 12.9 | 11 | very low |
| **CTS Corp**/electronics, metal prods | 25 | 1.61e | 3.39 | 110 | 7.4 | 5 | high |
| **Bearings Inc**/machinery | 32¼ | 1.35 | 2.85 | 110 | 11.3 | 6 | average |
| **JP Stevens**/textiles | 22¼ | 1.09 | 2.27 | 108 | 9.8 | 7 | low |
| **Kollmorgen**/precision instruments | 26½ | 0.91 | 1.89 | 108 | 14.0 | 7 | average |
| **Peoples Ban Corp**/banking | 21¾ | 1.59 | 3.28 | 106 | 6.6 | 3 | very low |
| **American President Cos**/maritime | 26⅜ | 2.33 | 4.79 | 106 | 5.6 | 4 | average |
| **Brockway**/packaging & containers | 15⅞ | 0.77 | 1.56 | 104 | 10.2 | 7 | very low |
| **Lennar**/building | 14⅓ | 0.91 | 1.84 | 103 | 7.8 | 3 | very low |
| **McGraw-Edison**/electrical equipment | 35⅞ | 1.92 | 3.89 | 103 | 9.2 | 12 | low |
| **Sheller-Globe**/auto parts | 22½ | 1.93 | 3.87 | 101 | 5.8 | 5 | very low |

e: estimate.

*Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via MicroScan from ISYS Corp.*

## Where earnings are thought likely to stumble

**Although securities analysts have been cutting back their earnings estimates since last summer, most companies are still expected to fare better in 1984 than they did in 1983. The following 12 firms are among the few where a per-share decline of 27% or more is expected.**

| Company/business | Recent price | Earnings per share 1983 | Earnings per share 1984 est | Earnings per share % change | Estimated 1984 P/E | Estimates number | Estimates confidence factor |
|---|---|---|---|---|---|---|---|
| **Atwood Oceanics**/oilfield services | 16½ | $5.95 | $1.42 | –76% | 11.6 | 3 | very low |
| **Cooper Labs**/health care prods | 11½ | 1.60 | 0.66 | –59 | 17.4 | 4 | average |
| **Sabine**/integrated oil | 20¼ | 2.44 | 1.04 | –57 | 19.5 | 17 | low |
| **Metromedia**/broadcasting | 36⅛ | 3.45 | 1.57 | –55 | 23.0 | 7 | average |
| **Seibels Bruce Group**/insurance | 19½ | 1.54 | 0.76 | –51 | 25.7 | 5 | very low |
| **Zapata**/oilfield services | 19⅛ | 2.45 | 1.32 | –48 | 14.5 | 14 | very low |
| **Apple Computer**/computers | 25⅛ | 1.28 | 0.78 | –39 | 32.2 | 23 | very low |
| **Williams Electronics**/recreation | 5¼ | 1.31 | 0.67 | –38 | 8.6 | 3 | very low |
| **Paine Webber**/securities brokerage | 25⅜ | 5.53 | 3.74 | –32 | 6.9 | 4 | low |
| **Petro-Lewis**/oil, gas expl, dev, prod | 6⅛ | 1.30 | 0.91 | –30 | 6.7 | 7 | very low |
| **Helmerich & Payne**/oilfield services | 22¼ | 1.90 | 1.34 | –29 | 16.6 | 18 | very low |
| **Commonwealth Energy**/electric utility | 19⅝ | 4.63 | 3.37 | –27 | 5.8 | 4 | high |

*Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from ISYS Corp.*

## Statistical Spotlight

for most of the energy firms in this table, there is unusually high disagreement among the professionals.

The final two lists present major changes in earnings estimates that have occurred during the past six months. The third table, beginning below, includes 57 companies for which analysts have increased their 1984 estimates by 15% or more since August 1983. Our fourth table, on page 236, presents the other side of the coin: 35 companies for which estimates have been cut back 30% or more over the last six months.

Three computer makers appear on this list of bad-news bears. Six months ago analysts felt that Apple would earn close to $2.31 a share this year. But now they are anticipating earnings of only 78 cents. A similar downward revision hit Digital Equipment. Its anticipated 1984 earnings have fallen from $7.48 to $5.16.

Then there is Coleco, currently one of the most controversial companies around. Despite the rough launch of its innovative Adam personal computer and the

## Upstairs

**Six months ago analysts were not particularly keen on these stocks. But since then they have raised their forecasts by 15% or more. In addition, many of these shares sport high or very high confidence factors. This means current prices could reflect much of the anticipated earnings growth.**

| Company/business | Recent price | 1983 EPS | 1984 estimates 8/15/83 EPS | 1984 estimates recent EPS | 1984 estimates % change | 1984 estimates number | 1984 estimates confidence factor |
|---|---|---|---|---|---|---|---|
| **Transohio Financial**/savings & loan | 11¼ | $1.41 | $1.00 | $2.38 | 138% | 3 | low |
| **United Cable TV**/cable TV | 25⅞ | 0.82e | 0.97 | 1.44 | 48 | 5 | low |
| **Occidental Petroleum**/oil & gas, chem, food | 26⅞ | 1.06 | 1.39 | 2.01 | 45 | 12 | very low |
| **Phillips-Van Heusen**/apparel | 19 | 2.82 | 1.99 | 2.82 | 42 | 3 | high |
| **Gerber Scientific**/computer equipment | 21⅞ | 1.28 | 1.20 | 1.68 | 40 | 3 | low |
| **Advanced Micro-Dev**/electronics | 27⅝ | 1.09 | 1.31 | 1.82 | 39 | 22 | low |
| **Magic Chef**/appliances | 32¼ | 2.71 | 3.73 | 5.19 | 39 | 7 | average |
| **Vicorp Restaurants**/restaurants | 16 | 0.85 | 1.12 | 1.55 | 38 | 5 | high |
| **Brunswick**/recreation | 27 | 2.92 | 2.60 | 3.56 | 37 | 10 | average |
| **National Gypsum**/building materials | 33⅝ | 3.01 | 3.71 | 5.02 | 35 | 10 | low |

e: estimate.

*Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from ISYS Corp.*

## Upstairs

| Company/business | Recent price | 1983 EPS | 1984 estimates 8/15/83 EPS | 1984 estimates recent EPS | 1984 estimates % change | 1984 estimates number | 1984 estimates confidence factor |
|---|---|---|---|---|---|---|---|
| **Standard Microsystems**/electronics | 19⅛ | $0.78 | $0.88 | $1.17 | 34% | 6 | high |
| **Advanced Semicond Mtls**/electronics | 24 | 0.92e | 1.28 | 1.70 | 33 | 3 | low |
| **Celanese**/chemicals | 70¼ | 6.89 | 7.47 | 9.86 | 32 | 21 | high |
| **Data I/O**/computer services | 12¾ | 0.72 | 0.80 | 1.06 | 32 | 4 | low |
| **Natl Semiconductor**/electronics | 13 | 0.68 | 0.91 | 1.19 | 31 | 22 | low |
| **US Gypsum**/building materials | 54 | 4.77 | 5.66 | 7.41 | 31 | 12 | low |
| **Chrysler**/auto | 28⅝ | 2.35 | 8.46 | 11.00 | 30 | 18 | very low |
| **Dataproducts**/computer equipment | 23⅞ | 1.27 | 1.79 | 2.31 | 29 | 8 | average |
| **Primark**/natural gas | 24⅜ | 2.32 | 3.02 | 3.84 | 27 | 7 | high |
| **Conair**/appliances | 19½ | 1.23e | 1.39 | 1.77 | 27 | 3 | very high |
| **Robertshaw Controls**/control systems | 25⅞ | 2.93 | 2.76 | 3.51 | 27 | 5 | very high |
| **Stewart Info Svcs**/insurance | 25 | 3.92 | 3.71 | 4.68 | 26 | 3 | low |
| **Intel**/electronics | 32½ | 1.05 | 1.45 | 1.83 | 26 | 27 | average |
| **Molex**/electronics | 33¾ | 1.11 | 1.39 | 1.75 | 26 | 10 | high |
| **Alexander & Baldwin**/maritime | 54½ | 5.76 | 5.18 | 6.48 | 25 | 6 | high |
| **Elscint**/health care equipment | 15¾ | 1.40 | 1.45 | 1.81 | 25 | 7 | low |
| **Robinson Nugent**/industrial equipment | 15¾ | 0.51 | 0.74 | 0.92 | 24 | 5 | low |
| **Ultimate Corp**/computer equipment | 15⅜ | 0.97e | 1.13 | 1.40 | 24 | 3 | low |
| **Burlington Northern**/railroad | 86⅛ | 10.80 | 10.67 | 13.12 | 23 | 24 | high |
| **Collins & Aikman**/textiles | 30½ | 4.30 | 4.05 | 4.94 | 22 | 12 | high |
| **Pyro Energy**/diversified energy | 6⅞ | 0.83 | 0.80 | 0.98 | 22 | 4 | high |
| **United Stationers**/office prods | 27¼ | 1.30 | 1.41 | 1.72 | 22 | 5 | high |
| **Rohr Inds**/aerospace | 31½ | 3.68 | 3.63 | 4.43 | 22 | 8 | high |
| **Silicon Valley Group**/equipment for semicond ind | 21 | 0.76 | 1.02 | 1.25 | 22 | 4 | very high |
| **Teradyne**/precision instruments | 30¼ | 1.03 | 1.30 | 1.58 | 22 | 19 | high |
| **Honda Motor**/auto | 43¼ | 4.19 | 4.16 | 5.03 | 21 | 3 | high |
| **City Federal S&L**/savings & loan | 10⅛ | 2.60 | 2.29 | 2.75 | 20 | 4 | low |
| **McDermott Intl**/oilfield services | 27¼ | 2.69e | 2.30 | 2.76 | 20 | 13 | very low |
| **Emulex**/computer equipment | 36¼ | 0.98 | 1.58 | 1.90 | 20 | 5 | high |
| **AFG Inds**/building materials | 18½ | 1.43 | 1.77 | 2.11 | 19 | 5 | high |
| **Federal Co**/food processing | 30⅝ | 3.47e | 3.50 | 4.17 | 19 | 3 | high |
| **Intl Kings Table**/restaurants | 14⅛ | 0.92 | 1.36 | 1.62 | 19 | 4 | high |
| **AMR Corp**/airline | 29¾ | 4.19 | 4.09 | 4.87 | 19 | 21 | low |
| **Franklin Electric**/electrical equipment | 18¼ | 1.48 | 1.67 | 1.97 | 18 | 3 | high |
| **Herman Miller**/furniture | 22⅞ | 1.55e | 1.60 | 1.89 | 18 | 7 | high |
| **Levitz Furniture**/retail | 30¼ | 3.09 | 3.50 | 4.13 | 18 | 4 | high |
| **Ford Motor**/auto | 39 | 10.29 | 9.72 | 11.48 | 18 | 18 | average |
| **Mead**/paper & forest prods | 34⅛ | 1.30 | 3.09 | 3.61 | 17 | 17 | low |
| **General DataComm Inds**/electronics | 27¾ | 0.50 | 1.21 | 1.41 | 17 | 7 | high |
| **Van Dorn**/containers | 24⅜ | 2.22e | 2.70 | 3.13 | 16 | 3 | average |
| **Williams Cos**/chemicals | 26⅛ | 1.79 | 2.60 | 3.02 | 16 | 15 | very low |
| **Wyle Labs**/electronics | 17 | 1.04 | 1.54 | 1.79 | 16 | 5 | high |
| **Justin Inds**/building materials | 22 | 1.89 | 2.27 | 2.63 | 16 | 4 | low |
| **Washington Gas Light**/natural gas | 30 | 4.27 | 3.77 | 4.34 | 15 | 3 | very high |
| **Canon**/prec inst, office equipment | 30¾ | 1.36e | 1.40 | 1.61 | 15 | 3 | high |
| **Limited Inc**/retail | 19¾ | 1.16e | 1.35 | 1.55 | 15 | 8 | high |
| **Philips Inds**/manufactured homes | 12 | 1.42e | 1.58 | 1.82 | 15 | 6 | high |

e: estimate. *Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via MicroScan from ISYS Corp.*

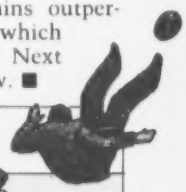
## Statistical Spotlight

42% six-month drop in the firm's 1984 earnings estimate, analysts still expect Coleco to earn $2.96 a share this year. This represents a sizable jump from the anticipated $1.15 for fiscal 1983 and a price/earnings ratio of slightly more than 4 times estimated 1984 earnings.

But here is where numbers can play tricks. That $2.96 consensus is really an average of sharply disagreeing estimates. These range from $1.50 to $3.50. As you might expect, the level of confidence for this company is "low."

Maverick investors, of course, can sometimes score big by defying the prevailing Wall Street logic (remember Chrysler and Pan Am). But stocks like Coleco are for the venturesome investor only.

One final question: Will the companies that are expected by analysts to report juicy earnings gains outperform those companies for which the forecast is negative? Next year we will let you know. ■



### Downstairs

**Since last August analysts have lowered their earnings estimates on this out-of-favor group by 30% or more. With few exceptions these stocks have low or very low estimated confidence factors. But this could spell opportunity: If the optimistic analysts are right, share prices could rise sharply.**

| Company/business | Recent price | 1983 EPS | 1984 estimates 8/15/83 EPS | 1984 estimates recent EPS | 1984 estimates % change | 1984 estimates number | 1984 estimates confidence factor |
|---|---|---|---|---|---|---|---|
| **Williams Electronics**/recreation | 5¼ | $1.31 | $2.22 | $0.67 | –70% | 3 | very low |
| **Apple Computer**/computers | 25⅛ | 1.28 | 2.31 | 0.78 | –66 | 23 | very low |
| **Orion Pictures**/entertainment | 12 | 0.80e | 3.00 | 1.28 | –57 | 3 | very low |
| **Callahan Mining**/mining | 22⅛ | 0.64e | 1.46 | 0.69 | –53 | 4 | very low |
| **Asarco**/nonferrous metals | 31 | 1.54 | 4.15 | 1.98 | –52 | 15 | very low |
| **Paine Webber**/securities brokerage | 25⅝ | 5.53 | 6.78 | 3.74 | –45 | 4 | low |
| **Seibels Bruce Group**/insurance | 19½ | 1.54 | 1.36 | 0.76 | –44 | 5 | very low |
| **Newmont Mining**/mining, oil and gas | 46¾ | 1.73 | 5.52 | 3.20 | –42 | 17 | low |
| **Coleco Inds**/toys, computers | 12¼ | 1.15e | 5.09 | 2.96 | –42 | 8 | low |
| **Merrill Lynch**/securities brokerage | 25¾ | 2.68 | 6.11 | 3.61 | –41 | 10 | low |
| **Tidewater**/oilfield services | 25 | 1.13e | 2.80 | 1.66 | –41 | 12 | low |
| **Times Fiber Comm**/coaxial cable | 9¼ | 0.55 | 1.56 | 0.93 | –41 | 5 | average |
| **Reeves Communications**/entertainment | 10 | 0.62 | 1.58 | 0.99 | –37 | 7 | low |
| **Union Planters**/bank holding | 19 | 1.32 | 3.42 | 2.17 | –37 | 3 | very low |
| **Pacific Scientific**/precision instruments | 13⅞ | 1.98 | 2.57 | 1.65 | –36 | 3 | high |
| **Electro-Biology**/health care equipment | 8¼ | 0.55e | 1.43 | 0.92 | –36 | 6 | low |
| **Fluor**/construction, resources | 19⅝ | 0.95 | 1.93 | 1.24 | –36 | 15 | low |
| **Helmerich & Payne**/oilfield svcs | 22¼ | 1.90 | 2.06 | 1.34 | –35 | 18 | very low |
| **Petro-Lewis**/oil, gas expl, dev, prod | 6⅛ | 1.30 | 1.38 | 0.91 | –34 | 7 | very low |
| **National Ed Corp**/training | 24⅞ | 0.88 | 2.02 | 1.33 | –34 | 5 | low |
| **General Instrument**/electronics | 30⅜ | 1.35 | 3.94 | 2.61 | –34 | 13 | average |
| **Federal National Mtge**/mortgages | 17⅞ | 1.13 | 3.95 | 2.64 | –33 | 15 | very low |
| **MCI Communications**/telecommunications | 10⅜ | 0.93e | 1.55 | 1.04 | –33 | 27 | low |
| **Wyman-Gordon**/metal fabricating | 29½ | 2.41 | 3.24 | 2.17 | –33 | 12 | low |
| **CBI Inds**/steel | 29⅜ | 2.36 | 3.69 | 2.48 | –33 | 12 | low |
| **Reading & Bates**/oilfield services | 11⅛ | 1.05 | 1.38 | 0.93 | –33 | 18 | very low |
| **Enstar**/oil & gas | 13⅜ | 1.48 | 3.29 | 2.22 | –33 | 6 | low |
| **Research-Cottrell**/machinery | 15 | 0.55 | 1.84 | 1.25 | –32 | 8 | low |
| **US Home**/building | 9⅛ | 0.80 | 1.85 | 1.26 | –32 | 14 | low |
| **EF Hutton**/securities brokerage | 27 | 4.42 | 6.34 | 4.32 | –32 | 7 | average |
| **Briggs & Stratton**/small motors | 30¼ | 2.20 | 3.36 | 2.32 | –31 | 9 | low |
| **Digital Equipment**/computer equipment | 85¼ | 5.00 | 7.48 | 5.16 | –31 | 37 | low |
| **Metromedia**/broadcasting | 36⅛ | 3.45 | 2.28 | 1.57 | –31 | 7 | high |
| **Valero Energy**/natural gas | 19 | 2.22 | 4.58 | 3.16 | –31 | 12 | low |
| **Whittaker Corp**/health care equip | 19¼ | 2.55 | 4.36 | 3.05 | –30 | 9 | very low |

e: estimate. *Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via MicroScan from ISYS Corp*